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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE.**

**Invesco Hong Kong Limited, the manager of Invesco China Series II and Invesco China Opportunity Fund III, accepts responsibility for the accuracy of the information contained in this document at the date of issuance**

**Notice to Unitholders of Invesco China Opportunity Fund III (the "Fund"), a sub-fund of Invesco China Series II (the "Trust"), with respect to the termination of the Trust and the Fund**

6 November, 2017

Dear Unitholder

We are writing to you as a Unitholder of the Fund. The purpose of this notice is to inform you of our decision to terminate the Trust and the Fund (the "**Termination**"). Unless otherwise defined, all terms shall have the same meaning as set out in the Prospectus dated as of 20 February 2012 (as amended).

Following internal review, it has been determined that it is no longer in the interests of the Unitholders to continue the operation of the Trust and the Fund (as the Trust's only sub-fund) due to the impact of fixed costs on the performance and cost structure of the Trust and the Fund in the absence of sufficient fund size. Pursuant to Clause 27.3 of the Trust Deed and as set out in the Prospectus, the Manager may terminate the Trust and the Fund if the aggregate net asset value of the Trust or the Fund falls below US\$20,000,000. The assets of the Fund as at 30 September 2017 amounted to approximately US\$5.56 million.

#### Effective Date of the Termination

As disclosed in the Prospectus, repatriation for the account of the Fund will be subject to a maximum monthly amount equal to 20% of the total assets of the Sub-manager in China at the end of the preceding year. In light of the abovementioned limit on repatriation, the Manager expects that the process of repatriation for the purpose of the Termination may require approximately 5 months to complete. Therefore, subject to the following conditions (the "**Conditions**"), the effective date of the Termination of the Trust and the Fund is proposed to be on 6 April 2018 (the "**Effective Date**"):

- (1) the realization and liquidation of all underlying investments of the Fund; and
- (2) the completion of repatriation of the Fund's investment principal and income out of China in light of the abovementioned limit on repatriation.

#### *Realisation and Liquidation of the Fund's Underlying Investments*

The Fund invests at least 70% of its assets in A Shares and up to 30% of its assets in cash or cash equivalents, money market instruments and/or onshore or offshore debt securities of mainland China issuers. From the date of this notice, the Manager intends to dispose its investments in A Shares and liquidate its positions with the aim of repatriating the investment principal and income out of China as soon as practicable, with a view to duly completing the Termination by the Effective Date.

#### *Distribution of Termination proceeds in the event of delay in Termination*

The Fund is not holding any suspended stock in its portfolio as at 31 October 2017, but this may change as of the date of issue of this notice or after the issue of this notice. Please note that should the Fund be holding any suspended stock(s) in its portfolio, those stock(s) can only be liquidated and proceeds from the same may only be realised once the suspension is lifted. There is no certainty as to when the suspended stock(s) will resume trading and whether the Fund will be able to dispose the suspended stock(s) prior to



the proposed Effective Date. As mentioned above, repatriation for the account of the Fund will be subject to a maximum monthly amount equal to 20% of the total assets of the Sub-manager in China at the end of the preceding year. As a result, the Conditions may not be met and the Trust and the Fund may not be able to be terminated by the proposed Effective Date. In such a case, the Manager will issue a further notice to Unitholders to update the latest status of the termination process. In order to avoid undue delay or disruption with respect to the Termination, the proceeds from the liquidated stocks in the portfolio of the Fund may be distributed to the Unitholders on a pro rata basis first (with reference to your holdings in the Fund as of the proposed Effective Date), and as soon as the suspended stock(s) in the Fund's portfolio have resumed trading, the proceeds from the sale of the stock(s) previously in suspension will be distributed to the Unitholders in subsequent tranche(s) on the same pro rata basis. This is to ensure that the Termination proceeds will be distributed back to the Unitholders as soon as possible after receipt of the same by the Fund. The Manager and the Trustee shall endeavour to minimise the number of tranches of distribution from the Termination proceeds where possible.

#### Costs and Expenses of the Fund

The Trust and the Fund have no unamortized preliminary expense as of 30 September 2017.

As of 30 September 2017, the total expense ratios for the various classes of Units of the Fund were as follows: Class A (USD) Units: 2.03% p.a. and Class A (HKD) Units: 2.03% p.a.. The total expense ratios for the various classes of Units of the Fund are estimated annualized percentage figures based on ongoing expenses of the relevant class of Units divided by the average net assets of the relevant class of Units for the period from 1 April 2017 to 30 September 2017. The costs relating to the Termination of the Trust and the Fund will be fully borne by the Manager alone, with no financial impact on the Trust, the Fund and the Unitholders.

#### Implications of the Termination

As of and from the date of this notice:

- (i) it is anticipated that the Fund will, following the liquidation and realization of the investments, hold a substantial amount of cash prior to Termination. Unitholders should note that the Fund may as a result deviate from the investment objectives and policies and not be able to fully comply with the investment restrictions of investing no more than 30% of the total assets of the Fund in cash as set out in the Prospectus and Key Facts Statement of the Fund;
- (ii) the Trust and the Fund are no longer allowed to be marketed to the public in Hong Kong; and
- (iii) the Trust and the Fund shall not accept any subscription from new investors.

The Termination of the Trust and the Fund may have tax implications. Ordinarily, the liquidation of the Trust and the Fund should not have any tax (including stamp duty) implications for Hong Kong Unitholders, save that if the Hong Kong Unitholder is carrying on a trade, profession or business in Hong Kong and derives a gain on disposal of the Units of the Fund, such gain may be subject to profit tax in Hong Kong if it is of revenue nature. We recommend, however, that you seek specific tax advice with respect to your own tax situation and should your circumstances require.

As of the date of this notice, the Fund does not have any outstanding tax provision, and there is no tax implication on Hong Kong investors in respect of distributions and/or capital gains of the Fund.

#### Action to be taken by you

From the date of this notice, Unitholders may choose to (a) take no action and continue to hold their interests in the Fund; (b) at any time before 5 p.m. on the proposed Effective Date, redeem their existing holdings in the Fund free of redemption charges; or (c) at any time before 5 p.m. on the proposed Effective Date, apply their redemption proceeds to subscribe into other designated SFC authorised Invesco funds (namely, sub-funds of Invesco Funds and Invesco Trust Series only), free of redemption charges but subject to any fees and charges which may be imposed by third party distributors for such subscription. For the avoidance of doubt, the other designated SFC authorised Invesco funds themselves will not charge any subscription fees and charges.

If you choose to redeem your existing holdings in the Fund, please note that repatriation of invested principal and income from China is subject to QFII Regulations and pursuant to the Prospectus, the Manager is entitled with the approval of the Trustee to limit the number of Units of any class in the Fund redeemed on any Dealing Day to 10% of the total number of Units in the Fund in issue. In this event, the limitation will apply pro rata so that all Unitholders wishing to redeem Units on that Dealing Day will redeem the same



proportion of such Units, and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day in accordance with the Prospectus.

In respect of conversion into the other SFC authorised Invesco funds, investors should note that these are different umbrella funds with different settlement cycles from the Trust and the Fund. Accordingly, subject to your application for conversion being accepted, there may be a delay of up to 10 Business Days from the date we accept your application for conversion to the date your application into the other relevant Invesco fund is processed. Please note that SFC authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. Hong Kong investors should refer to the latest Hong Kong offering document of the relevant Invesco fund for details of the conversion procedures and the Prospectus for details of the redemption procedures.

In accordance with the terms of the Prospectus, requests for dealing in Units pursuant to the above paragraphs may be forwarded to Invesco Asset Management Asia Limited as the Distributor at 41/F Champion Tower, Three Garden Road, Central, Hong Kong, or any authorised sub-distributor.

If you have taken no action or have not redeemed/converted your Units in the Fund before 5:00 p.m. Hong Kong time on the proposed Effective Date, subject to the Conditions mentioned in this notice, you will normally receive your pro-rata entitlement to the net cash proceeds realised from the investments and other property of the Fund based on your existing holdings in the Fund as at the proposed Effective Date within 10 Business Days after the proposed Effective Date or as soon as reasonably practicable thereafter. Payments will be made in accordance with the standard instructions on file and if no mandate exists payments will be made in the currency of the Units by telegraphic transfer or by cheque which will be sent at your own risk and may incur a cost. For the avoidance of doubt, the Manager and the Trustee shall not be under any obligation to process any conversion request that has not been made in accordance with the applicable procedures and shall not be liable for not handling such requests.

#### Additional Information

Copies of the latest Prospectus (including any related addenda and supplements), Product Key Facts Statement, the Trust Deed, the latest annual and interim financial reports of the Fund and this notice may be inspected free of charge during normal business hours on any business day (excluding Saturdays, Sundays and public holidays) at the office of Invesco Hong Kong Limited, 41/F, Champion Tower, Three Garden Road, Central, Hong Kong, and copies of the Trust Deed may be obtained at this address on the payment of a reasonable fee.

If you are in doubt or have questions on the contents of this notice please contact the Invesco Funds Hotline at (+852) 3191 8282.

Investors should exercise caution and consult with their professional and financial advisors before dealing in the Units or otherwise in deciding on the course of action to be taken in relation to the Units.

Yours faithfully,

For and on behalf of  
Invesco Hong Kong Limited

A handwritten signature in blue ink, appearing to be "Terry Pan", is enclosed in a thin blue rectangular border.

Terry Pan  
Chief Executive Officer  
Greater China, Singapore and Korea